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May 27, 2021

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk and Executive Director
South Carolina Public Service Commission
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

**Re: South Carolina Energy Freedom Act (House Bill 3659) Proceeding Related to S.C. Code Ann. Section 58-37-40 and Integrated Resource Plans for Dominion Energy South Carolina, Incorporated
Docket No. 2019-226-E**

Ms. Boyd,

The South Carolina Coastal Conservation League (“CCL”) and Southern Alliance for Clean Energy (“SACE”) appreciate the opportunity to respond to Dominion Energy South Carolina, Inc.’s (“DESC” or “the Company”) May 24, 2021 comments, which were filed in response to the comments provided by the Office of Regulatory Staff (“ORS”) and the Joint Comments provided by SACE, CCL, the Carolinas Clean Energy Business Alliance, Inc., (“CCEBA”), and Sierra Club (collectively, “Intervenors”) regarding DESC’s Modified 2020 Integrated Resource Plan (“IRP”).

These comments do not address all the issues raised by DESC in its May 24 comments; SACE and CCL stand by all the recommendations included in Intervenors’ Joint Comments, and further agree with the responsive comments filed by CCEBA and Sierra Club on May 25 and May 26, 2021, respectively. However, DESC’s May 24 comments raised several issues which warrant a direct response by CCL and SACE, most particularly DESC’s claims regarding its “disclosure” of its combustion turbine replacement plan. These comments will also address several other issues regarding demand-side management and energy efficiency and the inclusion of generator performance data in the Modified 2020 IRP.

Combustion Turbine Replacement Plan

a. DESC did not disclose the CT Plan in its 2020 IRP or Modified 2020 IRP

Contrary to DESC’s claims in its May 24 comments, neither the Company’s initial nor Modified 2020 IRP disclosed in any reasonable manner its imminent plan to file for approval to replace its fleet of peaking combustion turbine units with more efficient units (the “CT Plan”).¹

¹ Docket No. 2021-93-E, DESC Request for “Like Facility” Determinations Pursuant to S.C. Code Ann. § 58-33-

The examples cited by the Company amount to no more than vague assertions that it may one day consider replacing some of its peaking units with more efficient turbines. Only in its Modified 2020 IRP did DESC disclose that it was in the process of conducting an evaluation to do so, and even then, the Modified 2020 IRP did not identify the units under evaluation, the capacity of those units, or the apparently imminent timeline for such replacement. In fact, the Modified 2020 IRP provided a table with “probable retirement dates” for the Company’s CT units, and the earliest of those probable retirements was in 2028.²

Further, even if DESC did intend for these vague statements to serve as disclosure of its CT Plan to intervening parties and the Commission, it confirms that the Company’s plans were already underway prior to filing its initial IRP in February 2020, long before the Modified 2020 IRP was filed. DESC could have and should have provided more detailed information about its CT Plan in its 2020 IRP—or at a minimum, in the supplement to the 2020 IRP filed as an exhibit to the rebuttal testimony of DESC witness Eric Bell—so that it could have been evaluated by intervenors and the Commission.

DESC’s May 24 response also ignores the fact that numerous expert witnesses, attorneys, and the Commission itself spent many hours reviewing DESC’s testimony and 2020 IRP, and none knew—or could have known—of DESC’s plans to retire and replace specific peaking units. ORS Witness Sandonato’s direct testimony actually recommended that DESC conduct a “detailed retirement study” that included retirement of its gas-fired peaking fleet.³ Clearly, even after the discovery process, it was not apparent to Witness Sandonato that DESC was already planning these gas plant retirements. Intervenor’s Joint Comments on the Modified 2020 IRP provide several other examples of expert testimony and Commission questions where the Company could have fully disclosed its plans, but failed to do so.⁴ In short, DESC’s claim that it fully and transparently disclosed its CT Plan to the Commission and other parties is simply untrue.

The Company claims that the CT Plan was not specifically discussed in the IRP because it was not “finalized” until March 2021 when it was filed. But this ignores the fact that the Company did not disclose that it was even *considering* near-term replacements of its peaking units, let alone the specifics of the CT Plan, which involves replacing the peaking units at Bushy Park, Parr, and Urquhart with new aeroderivative turbines totaling 405 MW of capacity (an additional 85 MW of capacity of DESC’s system). The Company’s IRP should have included a detailed discussion and analysis supporting the need to replace those units and the alternatives it considered, such that the Commission could weigh the evidence from DESC and other parties

110(1) and Waiver of Certain Requirements of Commission Order No. 2007-626.

² DESC Modified 2020 IRP at 17.

³ Docket No. 2019-226-E, Sandonato Direct Testimony, Exhibit AMS-1 at 8 (“The Company should conduct a detailed retirement study and should ensure that it corrects the modeling errors identified in this report. These studies should identify proper input assumptions to capture all costs and savings that would be incurred in the retirement analysis. *The studies should address all potential early retirement candidates including the Williams, Wateree, Urquhart, and McMeekin coal, gas-fired steam turbine and gas-fired combustion turbine (“CT”) units.*”) (emphasis added).

⁴ Docket No. 2019-226-E, Joint Comments of SACE, CCL, CCEBA, and Sierra Club on DESC’s Modified 2020 IRP, at 19-20, 23.

and determine whether the replacements outlined in the CT Plan represented the “most reasonable and prudent plan for meeting the utility’s service obligations.”

b. DESC’s omission of this key information violates Act 62 and raises significant concerns and questions about the seriousness with which DESC takes its IRP obligations under the statute.

In its May 24 comments, DESC claims that replacing its CT peaking units is not a “long-term resource planning decision” and that “IRP is not a substitute for consideration of new generation assets under the provisions of the Environmental Compliance and Siting Act, nor under the terms of the siting act statute, is it a prerequisite to it.”⁵

DESC is correct that an IRP is not a substitute for Siting Act requirements. But its assertion that the IRP is not a “prerequisite” to the consideration of new assets under the Siting Act is absurd. DESC appears to state that there need not be any relationship between the IRP and what generation assets the utility is actually planning to build and deploy; this argument demonstrates a complete disregard for the IRP process.

The Company’s claim that obtaining new generation resources that will operate for decades on its system is not a long-term resource planning decision and need not be considered in an IRP is equally astounding. Under DESC’s logic, if it sought to retire a coal plant and replace it with a newer, more efficient coal plant, that would also not constitute a “long-term resource planning decision” because it would merely be a “replacement.” The replacement of generating resources is a long-term resource decision because it necessarily raises the question of what will those resources should be replaced *with*. Planning for those major decisions is precisely the purpose of an IRP.

Moreover, Act 62 specifies that those type of resource decisions be made by “fairly evaluating the range of demand-side, supply-side, storage, and other technologies and services available to meet the utility’s service obligations.” S.C. Code Ann. §58-37-40(B)(1)(E). DESC’s “service obligations” include its obligation to serve customer needs at times of peak demand. The fair evaluation required by Act 62 would have required that DESC characterize and include in its IRP the actual needs of its system in a manner that allows parties to evaluate how much and what type of peaking generation is actually needed. Instead, DESC failed to disclose its CT Plan in its IRP, and in an entirely separate filing, has simply assumed that it will replace all its existing peaker units with CTs (contrary to ORS’ recommendation for a “detailed retirement study”).

In doing so, DESC has clearly violated the spirit and letter of Act 62’s IRP requirements, and the Commission should reject DESC’s inclusion of the CT Plan in its Modified 2020 IRP.

Other Issues

a. Demand Side Management and Energy Efficiency (“DSM/EE”)

⁵ Docket No. 2019-226-E, DESC Letter Responding to ORS and Intervenor Comments (May 24, 2021), at 7.

DESC's May 24 comments take issue with several of the recommendations from Intervenor's Joint Comments regarding DSM/EE in future IRPs. SACE and CCL believe that the Joint Comments raised a number of valid concerns related to the DSM/EE Advisory Group and DESC's evaluation of DSM/EE resources in future IRPs.⁶ DESC did not address several of these concerns, but did respond to Intervenor's concerns regarding the Rapid Assessment, and their recommendations that the Commission direct that DESC (1) provide a calculation of savings as a percentage of total retail sales, rather than net of sales to opt-out customers and (2) work with the EE Advisory Group to target measures with longer measure lives and expand mid-stream and up-stream incentive offerings within the Company's revised portfolio.

SACE and CCL did not recommend that the Commission reject the Modified 2020 IRP on any of those grounds, but rather, requested that the Commission specifically direct DESC to address and evaluate a suite of issues (in collaboration with the DSM/EE Advisory Group). DESC did not assert that these recommendations, or any of the other DSM/EE recommendations in the Joint Comments, would be impossible or difficult to implement, and implementing those would ensure that the Commission and other parties have complete and correct information regarding DESC's evaluation of DSM/EE resources in future IRPs and that those resources are "fairly evaluated" as required by Act 62.

b. Generator Performance Data

In response to ORS' comments on the Modified 2020 IRP, DESC has now provided an additional Appendix O that provides "generating unit equivalent availability factor, forced outage rate, and other data that DESC reports to the North American Electric Reliability Corporation" for each unit or class of units individually. DESC's inclusion of this data was initially recommended by SACE/CCL Witness Anna Sommer, and SACE and CCL agree that this Appendix O is necessary for the Modified 2020 IRP to comply with Order No. 2020-832.

Conclusion

SACE and CCL reiterate the recommendations regarding DSM/EE as provided in the Joint Intervenor Comments on the Modified 2020 IRP, in particular, that the Commission require DESC to, in its future IRPs, calculate its savings as a percentage of total retail sales; employ a more reasonable levelized cost of saved energy in line with industry estimates, use marginal line losses in the calculation of avoided costs and in the translation of energy savings from the Market Potential Study to the IRP, and present realistic and levelized DSM costs in its next IRP. SACE and CCL also strongly recommend that the Commission reject the CT Plan as included in the Action Plan for the Modified 2020 IRP.

⁶ Docket No. 2019-226-E, Joint Intervenor Comments on DESC Modified 2020 IRP at 39-50.

Respectfully,

Kate Mixson

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Conservation League and the Southern
Alliance for Clean Energy*

STATE OF SOUTH CAROLINA
BEFORE THE PUBLIC SERVICE COMMISSION
DOCKET NO. 2019-226-E

In the Matter of:)

South Carolina Energy Freedom Act)

(House Bill 3659) Proceeding)

Related to S.C. Code Ann. Section)

58-37-40 and Integrated Resource)

Plans for Dominion Energy South)

Carolina, Incorporated)

CERTIFICATE OF SERVICE

I certify that the following persons have been served with one (1) copy of Comments filed on behalf of the South Carolina Coastal Conservation League and Southern Alliance for Clean Energy by electronic mail at the addresses set forth below:

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/s/ Kate Lee Mixson